App. F. IX-4

Previous Referenc 1936.7 (J. 0F

File No. 74-36

Serial Nos. 1

Letter References.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. nil.

Part B for July 37

SUBJECT.

Promulgation by the German ministry of Trade of a regulation abolishing the system of Aski payments

WD 0418—GPB—22,500—29-8-36

5665

General and Revenue Secretariat | File No. S.O.F. 74 of 1936 | [App. F. III—2

Serial No.	
1	Letter no. T.C./S & 30.3.37 from the T.S. to the Deman reporting about the manufacture by the German Ministry of Trade, of a Regulation abolishing the System of Basic payments, etc. Action is being taken separately about D.A. Hqrs' habits superintendent and the Royal visit to the Nizam State Office Rm. Industries: Para 4. Secretary. about paras 3 and 4 of the D.O. The only point requiring further attention is about the steps to be taken to continue demand for Industries in Germany, after the expiration of the Special permits granted up to Dec. 1937. The T.C. has been corresponding this question. In the meanwhile, it is for notice if the Govt. Firms may not be permitted in the market. 14.2.3.4.37

2 Yes - Can fr. his views urgently. 24/4/37

Dw Secy 23.4.37

Dy 24.4.37

Dy 27.4.37

3. Forwarded, with Compliments, to the Dir. S.O.F. for favour of remarks.

For under Secretary to Govt. Development Dept.

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Returned with compliments.

According to the existing system we sell sandalwood oil in Germany and leave the money in Reichs-Kredit-Gesellschaft to be utilised at some subsequent date to meet the bills of our purchases in Germany. The new decree reverses the position. In future goods of German manufacture will have to be purchased first and thus leave in German banks sufficient funds which can be drawn back by subsequent sales of our products in Germany.

In either case, the kernel of the problem is that we must purchase German goods if we should sell our goods to Germany. The sequence and the procedure have been changed to suit the German conditions but the central point continues to be the same. Therefore the most important point to be settled by the Government, in relation to sandalwood oil sales in Germany, is, what is the value of purchases the Government can make in Germany annually. The Secretary, Stores Purchase Committee, will be able to furnish the figures of purchases made in Germany during the last 8 or 10 years and this should give us an indication as to our normal purchases in Germany, excluding the Capital purchases. in respect of machinery ~~required for specific~~ required for special industries like steel, cement and paper. A statement is enclosed furnishing the quantity of sandalwood oil sold in Germany from year to year and

D. I. C.

NOTES.

Case No.....of 193

3

Subject :— .....

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and the value thereof.

6. The Trade Commissioner has stated that he has obtained the permission of the German Government to continue the "Aski" system till the end of December 1937. It is yet too early to say whether during the course of next seven months or so the German Government may not find it expedient to introduce modifications in the present system. From the trend of the letter of the Trade Commissioner it looks as though the German authorities are showing a reasonable and accommodating attitude towards our representation. I take it that a private firm would not have had such a treatment. An official request made through our Trade Commissioner is sure to have already response. Therefore I venture to think that whatever may be the general trend of business relationships between Germany and the merchants in foreign countries in general, the Government of Mysore may hope to receive a special treatment.

7. The Trade Commissioner states as follows:-

"In the meanwhile, it is doubtless necessary to devise a scheme to continue to do business in sandalwood oil with Germany after the expiration of the special permit in December next, by deve-

WD 0885—GPB—5000—18-12-35

NOTES.

Subject :— .....

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developing our sales indirectly through other avenues in France and Switzerland. I am applying my mind fully to this very important question affecting nearly half of our European sales in sandalwood oil. The German market is more or less inextricably connected with the English and French markets and advantage to obtain our ends should be taken through these media. This may be impossible and should be adopted if other means of direct dealing with Germany are not open to us. But it should be remembered that if we should send our sandalwood oil to Germany via France and Switzerland, the cost of oil would naturally go up and therefore it may not be improbable that the turn-over in Germany may be reduced a little.

Whatever may be the mode of entry of our sandalwood oil in Germany, it is very essential the German purchasers of our sandalwood oil should be induced to agitate for the issue of permits for import of Mysore sandalwood oil into Germany. This propaganda should be continuously kept up and I dare say the Trade Commissioner is alive to these needs.

One other aspect of the question that affects our sandalwood oil business should be considered.

D. I. G.

Case No. ..... of 193

NOTES.

Subject:— .....

If the manufacturers of our rival oils in India, viz, those at Kuppam, Bombay and Kanauj should join hands with some import house at Bombay who indent for German goods, it may be possible to meet the requirements of the present law and whenever an opportunity occurs export our rival oils to Germany. It is not likely that this will happen since these independent distillers should do join hands for a common purpose; but in any case we should not omit to take such a contingency into consideration when we are dealing with the problem.

1D If the present regulations should continue to operate even after December 1937 - the limit period of our concessions - then the only chance of selling sandalwood oil in Germany will be through friends in France and Switzerland or in the alternative by first purchasing German things and then get a draw back by the sale of whatever quantity of sandalwood oil that gets an import permit.

11 By the time the present time import permit expires in December 1937, it is very necessary for us to build up reserve stocks of oil in London so that whenever there is a demand for our oil in Germany ready deliveries may be arranged from London.

WD 0885—GPB—5000—18-12-35

Case No.....of 193 .

NOTES. 5645

D. I. C.

Subject :— .....

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The Factory will look into this question and will arrange for substantial stocks being kept in London by the end of December 1937.

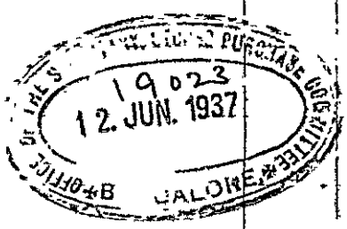
It will be useful to have a list of articles that the different Departments of the State may like to purchase from Germany, and this list may be kept with the Trade Commissioner who will make use of it, if and when necessary, in order to increase the sale of sandalwood oil in Germany.

Director,
Sandalwood Oil Factory.

Camp Mysore,
14th May 1937.

General and Revenue Secretariat | File No. S.V.7.74 of 193 6. | [App. F. III—2

Serial No.



15 A list of amounts payable to the manufacturing firms in Germany on account of orders placed by the Stores Purchase Committee is placed below. It is not possible to say what orders are likely to be placed in Germany, as it will depend upon the indents to be received from the Departments and the suitability of the materials offered by the German firms.

16 The necessity for utilising the Government balances at the Reichs-Kredit-Gesellschaft, Berlin is being kept in view while placing orders for stores to be imported from foreign countries. For this purpose statements of Reich Mark balances at the German Bank at the end of every month are being obtained from the Trade Commissioner.

Under Secretary,)
Development Branch,)
with compliments.)

Subd with refce to para 14.
14.15.6.37.

Dev Secy 15.6.37

Please finish with the Cabinet Enquiry
Comptroller 9.7.37

8732/1/36

No. 17/spl dated 7-7-37

Spl. C.O. (Books Section) for favr of furnishing the information - 8.7.37.

U.O.No.15/Books. Dated: 6-7-1938. 9.7.37

Returned with compliments.
The balance in the Berlin Bank on 1-7-1937, as per cable advice received from Messrs. Coutts and Co, was Rm. 92686-50 (Rm. ninety two thousand six hundred and eighty six and pfennige fifty).

A. Rutherford
Comptroller.

Please Compute Cypher Branch receipt
7.7.37

NOTE—Contn. Sheet.

S.S.

WD 0417—GPB—30,000—8-9-36

6.7.37

To the Secretary to Govt Development Dept

507

417

5645

S.D.T File No: of 193 . | General and Revenue Secretariat

Serial No.

On order placed, the amount require for payment is Rs 13.000 whereas already available is about 9 3000 Rs. Special efforts should be made to divert orders. There may be some payments on account of M. Sw. but even an active attempt is necessary to divert some orders

Secy Member
Food Supply.

MW. 8.7.37.

8.7.37

OFFICE OF THE SECOND MEMBER OF COUNCIL 8 JUL 1937 NO 119

THE SECRETARY, STORES PURCHASE COMMITTEE 645 12. JUL. 1937 LORE

MW 9/7/37

10/7

Secy SPC for pay note and return.

MW 10.7.37.

10.7.37

14/7

Noted and returned.

14/7. D.E.W. Boswell

11/14/7

OFFICE OF THE FIRST MEMBER 9 JULY 1937 No 214

MW

DIRECTOR OF DEVELOPMENT 14.7.37 141

T. V. A. ISVARAN
TRADE COMMISSIONER

Telephone: Whitehall 8888.
Telegrams: Mysof, Rand, London.

Please Quote Ref. M/S.

DEWAN'S OFFICE
10 APR. 1937
No. M. 1156

15 APR. 1937

GRAND BUILDINGS,
TRAFALGAR SQUARE,
LONDON, W.C.2.

GOVERNMENT OF MYSORE

BY AIR MAIL

30th March, 1937.

OFFICE OF THE SECOND MEMBER OF COUNCIL
10 APR 1937
No. 4234

Amin-ul-Mulk,
Sir Mirza M. Ismail, C.I.E. K.C.I.E. O.B.E.,
BANGALORE.

I beg to inform you that a regulation has very recently been promulgated by the German Ministry of Trade, abolishing the system of Aski payments in respect of all countries including British India but excluding one or two South American countries. A new organisation called the Import Control Office has also been established with a view to control imports and to fix the scale of prices on all articles imported into Germany in future. The new regulation will come into effective operation very shortly.

In actual working the new regulation is designed to reverse the existing order of sales and purchases in Germany. In future, goods of German manufacture will have to be purchased first and thus leave in German Banks sufficient funds which could be drawn back by subsequent sales of our products to Germany. Both in form and intent the new regulation is calculated to stimulate the flow of currency into Germany. The immediate effect of this new order of things on our sales of Sandalwood Oil to German buyers is to force a suspension of such sales for a considerable length of time. We have now a balance of Rm.70,000 at the Reichs-Kredit-Gesellschaft and until we have exhausted this balance and created a further credit in our favour by further purchases from Germany, we could not sell even a pound of oil to our German buyers. A definite set-back and a crisis in our sales position has thus begun to appear.

13 APR 1937
TRAFALGAR SQUARE
LONDON, W.C.2

15 APR 1937

30th March, 1937.

Air Marshal Sir Arthur T. Harris, K.C.B., M.C., A.F.C.,
Bomber Command,
Andover.

Dear Harris,

I beg to inform you that a regulation
has very recently been promulgated by the German
Ministry of Trade, abolishing the system of
Asset Payments in respect of all countries including
British India but excluding one or two South
American countries. A new organisation called
the Import Control Office has also been established
with a view to control imports and to fix the
needs of persons on all articles imported into
Germany in future. The new regulation will
cause much effective operation very shortly.

In actual working the new regulation is
designed to reverse the existing order of affairs
and promote in Germany. In future, goods of
German manufacture will have to be purchased first
and those lying in German Banks subsequently.
Until goods be drawn back by subsequent sales or
our products to Germany. Both in form and intent
this new regulation is calculated to stimulate the
flow of currency into Germany. The immediate
effect of this new order of things on our sales of
Standard Oil to German buyers is to force a
suspension of their sales for a considerable length
of time. We have some millions of Rm.700,000 at the
Deutsche-Kredit-Gesellschaft and until we have
exhausted this balance and [redacted] further credit
in our favour by further purchases from Germany
nothing can be done. Every effort is being made
by the Standard-Gesellschaft to overcome the
matter and I am hopeful that a satisfactory
solution may be found.

Yours sincerely,

3 The German Government do not believe in taking into consideration the interests of non-German Institutions, agencies or countries, if their own interests are in no way involved. However, I had to argue with the Ministry of Trade and Economics and complained of the short notice given with regard to the change of their trade policy, explaining at the same time our contract relations with our German buyers and our system of departmental purchases of foreign goods. I had also to threaten that if by this new regulation our sales of Sandalwood Oil came to be curtailed or suspended, our buying policy from Germany would be recommended to be abandoned altogether. The members of the Ministry soon perceived the strength of my contention and agreed to extend the Aski system in our case until the end of December next.

4 Further, both in January and February, our Sandalwood Oil sales far exceeded my anticipations and the quota granted to us. By the end of February the quota for March had been ~~been~~ completely used up and there was demand for more oil from our customers in Germany. The application for increased quota made through Coutts and through the Reichs-Kredit-Gesellschaft had been refused, since under the new regulation referred to above, the Aski system came to be done away with, but as a result of my efforts for the retention of Aski, this application also for increased quota has been allowed.

5 I enclose herewith, for your kind perusal, a copy of the letter addressed to me by the Director of the Reichs-Kredit-Gesellschaft, which explains the result of my endeavours to keep alive our sales of Sandalwood Oil in Germany.

6 In the meantime, it is doubtless necessary to devise a scheme to continue to do business in Sandalwood Oil with Germany after the expiration of the special permit in December next by developing our sales indirectly through other avenues in France and Switzerland. I am applying my mind fully to this very important question, affecting nearly a half of our European sales in Sandalwood Oil. The German market is more or less

Sir Mirza M. Ismail. 30th March, 1937.

inextricably connected with the English and French markets, and advantage to obtain our ends should be taken through these media.

I also obtained a special permit to import Coffee into Germany, as I thought it would be useful for importing this commodity next year, if not immediately.

The German firm referred to in my letter of [illegible] has been pressing for a decision on my recommendation to export 500 tons of Coffee by purchasing it on behalf of Government in Mangalore. I have sent a cable on this subject to the Private Secretary this afternoon.

I have had also no orders regarding the request of firms in Hamburg for trial consignments of Teakwood. I request that early orders may be passed for sending these trial lots as the firms interested have enquired to know when the lots may be expected to arrive in Hamburg.

Dr. Agnihotri. I am submitting herewith, for your perusal, the letter in original addressed by Dr. Agnihotri, formulating his proposals regarding his duties and establishment and salary. I have replied to the letter of the Development Secretary stating that he may be given a salary of £600. with an office in Vienna, the whole cost of the establishment [illegible] in the first year, about £1400. to £1500. I have also suggested that Dr. Agnihotri may be attached to the London Office so that there might be no conflict in the interpretation of the trade policy of Government in Europe, and as Dr. Agnihotri is new to our service, it may be that an arrangement as indicated by me would be necessary in the interests of Government.

Mr. Mahtab Hussain's Mtr. I regret to inform you that our stall was poorly furnished owing to the non-receipt of the articles from the Dhamra lands Technical Institute until the Sunday following the opening of the Fair. I understand that the packages were held up in Madras for some reason or other. I had, therefore, to do the very

best possible under the circumstances by filling in the stall with the remnants of the articles from my office store. Their Majesties, who visited the stall, made the usual complimentary remarks on the workmanship of the articles of the Chamarajendra Technical Institute and made purchases as follows:-

Her Majesty The Queen - Rosewood Inlaid Ivory Coffee Tray.
Her Majesty Queen Mary - Rosewood Inlaid Ivory Tray and 3 sets of Ivory miniature Tea sets.
Her Royal Highness the Princess Royal - Rosewood Elephant Book Ends.
Her Royal Highness, the Duchess of Kent - Rosewood Elephant small.

12 As there was some confusion at the time as to these purchases, I could not incorporate them in my letter to Government wherein I sought sanction to refrain from invoicing these goods.

13 With regard to the publicity on their visit, I beg to state that several press representatives that called at the stall were informed of the Royal visit and even those that were met by me at the Fair were likewise informed, and it is a great disappointment to find that Reuters omitted to make mention of the royal visit in the cable to India. I will bear in mind and do my utmost to persuade Reuter's representative, or the Editor, who has the final voice in the matter, to include matters relating to Mysore, at the next earliest opportunity.

14 I am, however, very glad to mention that prominence was given in the Times and other papers in this country to the Royal visit to the stall and to the purchases made by the members. There also appeared in several journals, illustrations of the stall.

15 I may be permitted to say that the absence of ----ice to the Royal visit to the stall in the London letter of the Bangalore Daily Post is a reflection on the competence of the Correspondent in failing to transmit an item or news of such direct local interest. I am, however, endeavouring to enlist his co-operation as well, and I hope to succeed.

16 Their Majesties visit to the stall was quite unexpected. Their Majesties gave detailed attention to the Fair this year which was quite beyond the expectations of the authorities and took them by surprise. It was not thought that they would make time for so exhaustive an examination of the Fair and from enquiries I had been careful to make I ascertained that a visit to the stall was not included in the arrangements.

17 Mr. Matters has come back and has written a letter requesting me to meet him after his return from the country where he has been spending his Easter holiday. I believe he is now a more enthusiastic and confirmed exponent of Mysore and its administration than he was ever before.

18 I am indeed very grateful to you for your kind letter of the 4th March, which has just reached me. I was feeling rather unhappy when I had not heard from your goodself for quite a long time.

With regards,

Yours sincerely,

6

Copy of letter from Reichs-Kredit-Gesellschaft, dated 10th March, 1937, to Trade Commissioner.

We beg to refer to your recent visit and to our conversation concerning the latest decree of the Reichsstelle fur Devisenbewirtschaftung from which it is to be derived that all compensation transactions for German merchandise to be exported to British India will not be permitted any longer. Likewise ASKI accounts for customers in British India and various other states are to be discontinued in a very short time. In order to fully inform you we take pleasure in enclosing a translation of the Circular Decree of Reichsstell fur Devisenbewirtschaftung (No.22) which gives a comprehensive outline of the whole matter.

It is, therefore, with great pleasure that we learn that due to your personal efforts and in particular due to your visit to Ministerialdirektor Wohlyay of Reichsstelle fur Devisenbewirtschaftung not only an increase of the monthly quota and an extension of time for the sandalwood oil ASKI has been granted by that in addition a new ASKI for the import of coffee has been agreed upon. We wish to say that we very much appreciate that the new account will also be maintained in this institution.

We sincerely hope that substantial business will be transacted over the two accounts arranged by you and we are looking forward to an active development on the coffee account, the permit for which constitutes a reversal of the attitude taken by the foreign exchange authorities in this country.

We are sure that this exception has only been granted because the authorities here look favourably upon the exports of the Government of the State of Mysore and since they hope that the exports of this country will be enhanced by the new arrengement.

Indian Institute
for
Science and Commerce
of the
Austro-Indian Society
Vienna Austria
I., Kärntnerring 2
Phone: U-40-6-57

Wien, Austria, March 16, 1937.

T.V.A. ISVARAN Esque
Trade Commissioner for Mysore,
act. Wien.I.Hotel Bristol.

16/3/37

Dear Sir,

In answer to your personal discussion I beg to state as follows:

1.) I will be appointed Trade Commissioner of the Mysore State for Central and Eastern Europe.

2.) My activities will have to take place independently, under my own responsibility, under the direct superintendence of the Foreign Office in Mysore.

3.) Cooperation with London on all vital questions, exchanging the results of our mutual experience, and consulting each other on all problems with a view to ultimate success.

4.) Sphere of action: Scandinavia, viz. Denmark, Norway, Sweden, Holland, Belgium, Germany, Switzerland, Italy, Czecho-Slovakia, Austria, and all the other countries in the Near East.

5.) A plan for the organic development of my activieties: Chief Offices: VIENNA and BERLIN, and that, Berlin for the northern regions of Europe, Vienna for the southern and eastern regions of Europe. Local agencies in the capitals of the respective countries. I intend dividing my time equally between Vienna and Berlin always acting in cooperation with the agencies which are responsible to me personally.

6.) The reason for the coordination of the above mentioned regions and countries is the similarity of their features in cultural, linguistic, commercial respects. They move on almost the same lines regarding custom houses the levying of duties and taxes, exchange regulations a.s.o. They have much in common in their postal systems, such as like tarifs for poste, telegramm and telephone, the symmetrical distance and easy accessibility from Vienna and Berlin. This central position will enable us to reduce expences for travelling, postage, etc., in proportion to those which would have to be spent when dealt with from London. All the above mentioned countries have almost the same notions on publicity, diplomatic, administrative, cultural problems, also have much community in the spheres of purchasing power, and the standard of life.

7.) Terms granted to me to be the same as those accorded to the London Trade Commissioner. The details of the latter refer to my salary, an allowance for travelling and for outlays on motor car, postage, telegram, telephone. A certain amount will be necessary for representative purposes, for office rent, staff and propaganda.

Indian Institute
for
Science and Commerce
of the
Austro-Indian Society
Vienna Austria
I., Kärntnerring 2
Phone: U-40-6-57

To enable my acting successfully financial contribution will have to be granted annually and in one lot.

8.) My full and undivided devotion to our cause:It is quite natural,that on account of the many-sidedness of the task lying before me,my travels to and fro,my personal negotiations with all the respective circles,such as captains of industries,authorities and government offices,all the time at my command should be directed towards the one aim.An extension of my activities to other provinces is impossible in time and space.

9.) Duration:As the proper establishment of such a large organisation will require a great deal of time and labour,all my experience and expert and scientific knowledge in order to achieve a final and unquestionable success a five years agreement would be indispensable.

10.) The field of my actions:Trade,commerce,industry,tourism,directed to Mys publicity,journalism,propaganda,exchange of prominent persons in the pr vinces of science and education,suitable exhibitions of all the Mysore ducts in the centres entrusted to my care.This year in Winter(1937) I shall personally undertake a journey to Mysore accompanied by the heads of economic and cultural life in Central Europe.I intend staying in Mys for one month to study all the manifold details requisite for doubtless success.-

11.) A detailed report shall be submitted to the Mysore Government quarterly with a list of all outlays together with receipts.This report shall contain a detailed account of the progress achieved in these parts.

12.) Finally I propose that for a period of one year after opening the office in Vienna and Berlin I would concentrate my work to propaganda for Mysore products in the countries of my charge.All resulting orders for Mysore goods would be sent to London for attention.

13.) As His Excellency the Dewan by means of his all-embracing travels in Eur became acquainted with the economic and cultural state of all the respective countries,and is fully aware of the manner in which it would reflect to the special conditions of Mysore,the final decision in all cases and on all problems shall be left to his choice.-

I am, Sir,
Yours sincerely

DR. PUNDIT B.A. AGNIHOTRI LL.D.
DR. ENG-AGRICULTURE, DR. POL. ECONOMY.

INDISCHES WIRTSCHAFTS-INSTITUT der Österreichisch-Indischen Gesellschaft
WIEN, I., Kärntnerring 2

Statement showing sale of sandalwood oil out of Hamburg stock and the value realised.

Year.	Quantity	Value.							
1932-33	3,573	£ 3,583	7	6					
193 -34	4,661½	4,362	17	10					
1934-35	11,936	7,401	5	4					
1935-36	13,200	2,535	19	6	plus	Rms. 114,145.25	= £ 9,325	at 12.24	Appro. Exch.
1936-37 Hlaf year	7,725	2,248	14	5	"	57,397.50	= 4,610	" 12.45	" "
January 1937 to March 1937	6,000	874	0	6	"	55,380.00	= 4,532	" 12.20	" "

Director,
Sandalwood Oil Factory.

Camp Mysore
14th May 1937.

SECRETARY,
Stores Purchase Committee,
Government of Mysore.

(1)

List of amounts payable to German Firms in Reich-Marks from the Government Account at the Reichs-Kredit-Gesselschaft, Berlin, against orders placed by the Stores Purchase Committee, as on 12th June 1937.

Foreign Indent No.	Name of firm.	Amount payable.
2092.	E. Leybold's Nachfolger.(	RMs. 250.40
2097.	Schluter & Mass.	" 39.01
2114.	Greiner & Fredrichs.	" 127.02
2115.	-do-	" 37.35
2135.	E. Merck.	" 77.90
2144.	-do-	" 102.70
2153.	Strohlem & Co.	" 90.15
2155.	Siemens.	" 2109.45
	A. Krautzberger & Co.	" 6654.00
2186.	Jetter & Schereer Co.	" 411.50
2204.	Maschenenfabreik.	" 270.50
2210.	Nurubeger Schraubenfabreik.	" 112.84
2217.	Sauddeutsche Schranbenfabreik.	" 3080.00

13363

12/6/37